

## A RESOLUTION

### **State Health Benefit Plan Policy: Withdrawal of School Systems from the Public School Employees Plan**

WHEREAS, the State Health Benefit Plan (the "SHBP") is comprised of three health insurance plans, each supported by its own fund: 1) a plan for State employees (the "State Employees Plan" (O.C.G.A. § 45-18-2), 2) a plan for teachers (the "Teachers Plan") (O.C.G.A. § 20-2-891), and 3) a plan for public school employees who are not eligible for the Teachers Plan (the "Public School Employees Plan" or "PSE Plan") (O.C.G.A. § 20-2-911); and

WHEREAS, with respect to employees of school systems, public school employees who do not work in a professionally certificated position or capacity are not eligible for the Teachers Plan, but may be eligible for the PSE Plan; and

WHEREAS, the statute that creates the PSE Plan provides that school systems may withdraw from the PSE Plan by action of the local school board: "local school boards shall have the option to determine whether or not the public school employees within their respective systems shall be covered under this subpart" (O.C.G.A. § 20-2-923); and

WHEREAS, the withdrawal of a school system does not affect the eligibility of a former employee of the withdrawing school system who is drawing an annuity from the Public School Employees Retirement Fund or the Teachers Retirement Fund and continued the coverage he or she had as an active employee of the school system into retirement; (O.C.G.A. § 20-2-915); and

WHEREAS, expenses of the PSE Plan exceed contributions to the PSE Plan, and employer contributions required for the PSE Plan are increasing in accordance with a three-year schedule to address this issue; and

WHEREAS, school systems currently receive no State appropriations for contributions to the PSE Plan; and

WHEREAS, school systems are setting budgets and have requested instructions on how to withdraw from the PSE Plan; and

WHEREAS, facilitating the withdrawal of school systems from the PSE Plan reduces all school systems' Other Post Employment Benefit liability because active employees whose coverage under the PSE Plan is terminated upon withdrawal will not be able to continue PSE Plan coverage into retirement; and

WHEREAS, it is necessary and appropriate for the Board of Community Health to approve a policy for school systems to withdraw from the PSE Plan in a manner that facilitates the withdrawal while protecting the Department of Community Health, the Board of Community Health and the State Health Benefit Plan; and

WHEREAS, it has been determined that requiring a withdrawing school system to make direct contributions on behalf of enrolled annuitants who retired from the school system before the date of withdrawal presents significant administrative and other burdens for the withdrawing school system and the State Health Benefit Plan; and


WHEREAS, the attached policy reflects an approach that complies with the law, facilitates withdrawal from the PSE Plan, and is in the best interest of the PSE Plan and the SHBP as a whole;

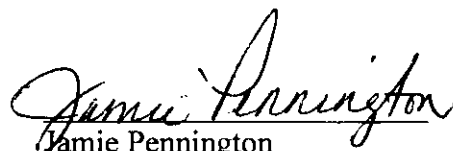
NOW, THEREFORE, BE IT ORDERED THAT: the Board approves the policy attached as Exhibit A; and

NOW, THEREFORE, BE IT FURTHER ORDERED THAT: the Board directs the Department of Community Health to implement the policy attached as Exhibit A; and

NOW, THEREFORE, BE IT FURTHER ORDERED THAT: the Department may revise the procedures described in Exhibit A under the heading "Procedures for Withdrawal" and develop and implement additional procedures and take all other actions determined by the Department to be necessary and appropriate to implement the policy.

Resolved this 11th day of October, 2012, in public session.

  
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Ross Mason  
Chairman

  
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Jamie Pennington  
Secretary